

Message Text

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ACTION COA-02

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H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

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R 121619Z OCT 73

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 8859

INFO AMEMBASSY LIMA

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 5309

E.O. 11652: GDS

TAGS: PBOR, EFIS, EC

SUBJECT: HOW THE GOE PLANS TO INCREASE ITS COASTAL AND DEEP
SEA TUNA FISHING CAPACITY

REF: QUITO 5173

1. SUMMARY: THE GOE PLANS TO INCREASE THE ECUADOREAN
TUNA INDUSTRY'S COASTAL TUNA FISHING CAPACITY THROUGH
THE TEMPORARY AUGMENTATION OF ITS FLEET THROUGH CHARTER
ARRANGEMENTS. THE GOE HAS CREATED THE STATE FISHING
CORPORATION FOR DEEP SEA TUNA FISHING AND HAS AUTHORIZED
THE CORPORATION TO ACQUIRE BOATS BY PURCHASE, CHARTER OR
THROUGH ASSOCIATION CONTRACTS (THE LATTER INVOLVING
SOMETHING ON THE ORDER OF A 75 PERCENT - 25 PERCENT
DIVISION OF THE CATCH BETWEEN THE BOAT AND THE STATE
CORPORATION RESPECTIVELY). NEITHER CHARTERED NOR
ASSOCIATED SHIPS WILL NEED FISHING LICENSES. END SUMMARY.

2. REFTTEL REPORTED THE PROMULGATION OF DECREE 1050 WHICH
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ESTABLISHED IN ECUADOREAN LAW THE PRINCIPLES OF A) THE

CONSERVATION (IN THE FORM OF A LIMITATION ON TOTAL CATCH) OF TUNA IN THE ECUADOREAN-CLAIMED 200 MILE ZONE, B) FIRST PREFERENCE FOR THE ECUADOREAN-BASED TUNA INDUSTRY (IN ACCORDANCE WITH ITS CAPACITY) IN FISHING WITHIN THE ZONE, AND C) THE ALLOCATION BY QUOTA OF THE REMAINING FISH TO FOREIGN FLAG FISHERMEN. THE GOE ESTIMATES THAT IN 1974 UNDER THIS SCHEME 40,000 TONS OF TUNA WILL BE CAUGHT BY ECUADOREAN-BASED VESSELS AND 40,000 TONS WILL BE ALLOCATED BY QUOTA TO FOREIGN FLAG VESSELS.

3. REFTTEL ALSO REPORTED THE GOE'S INTENTION TO TAKE STEPS TO EXPAND THE ECUADOREAN-BASED TUNA FISHING CAPACITY ON AN INTERIM BASIS PENDING COMPLETION OF THE 20 TO 30 MILLION DOLLAR FISHING COMPLEX AND THE ACQUISITION OF ENOUGH BOATS TO CATCH ALL THE TUNA WHICH THE GOE BELIEVES MAY SAFELY BE CAUGHT WITHIN THE 200 MILE ZONE.

4. THIS MESSAGE REPORTS HOW THE GOE PLANS TO EXPAND THE ECUADOREAN FISHING CAPACITY ON A TEMPORARY BASIS. THE SOURCE OF THIS INFORMATION WAS NAVY COMMANDER RODRIGO RIVADENEIRA, UNDERSECRETARY FOR FISHERIES OF THE MINISTRY OF NATURAL RESOURCES.

5. THE GOE BELIEVES THAT SOUND CONSERVATION PRACTICES DICTATE THAT NO MORE THAN 80,000 TONS OF TUNA (SKPJACK AND YELLOWFIN) BE CAUGHT WITHIN ECUADOREAN-CLAIMED WATERS IN ANY ONE YEAR. THE MAXIMUM AVAILABLE ANNUAL CATCH, WITHOUT CONCERN FOR CONSERVATION, IS CONSIDERED TO BE 100,000 TONS.

6. THE MINISTRY HAS DIVIDED THIS 80,000 TONS INTO TWO PARTS: 40,000 TONS OF TUNA WHICH ARE LIKELY TO BE CAUGHT FAIRLY CLOSE TO THE COAST (WITHIN 40 MILES) AND 40,000 TONS WHICH REQUIRE DEEP SEA FISHING.

7. COASTAL TUNA: AT PRESENT ECUADOR HAS THE ABILITY TO CATCH ABOUT 20,000 TONS OF THE COASTAL PART OF THE TUNA AND A NEGLIGIBLE AMOUNT OF THE DEEP SEA VARIETY. THE EXISTING ECUADOREAN-BASED TUNA INDUSTRY IS PRIMARILY CONFIDENTIAL

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INVOLVED WITH THE COASTAL CATCH, IS PRIVATE, AND IS DOMINATED BY US COMPANIES INCLUDING DEL MONTE AND RALSTON PURINA.

8. THE GOE PLANS TEMPORARILY TO EXPAND THE FISHING CAPACITY OF THE PRIVATE, COASTAL SECTOR OF ITS TUNA INDUSTRY BY ENCOURAGING IT TO CHARTER, FOR A PERIOD OF TWO YEARS, ENOUGH FISHING BOATS TO MAKE UP THE DIFFERENCE

BETWEEN EXISTING FISHING CAPACITY (20,000 TONS) AND THE PROJECTED COASTAL LIMIT (40,000 TONS). IN OTHER WORDS THE ECUADOREAN-BASED TUNA INDUSTRY IS BEING ENCOURAGED TO CHARTER ENOUGH SHIPS TO CATCH ABOUT 20,000 TONS OF TUNA. RIVADENEIRA ESTIMATED THAT THIS MIGHT AMOUNT TO 15 SHIPS DEPENDING UPON THEIR SIZE. HE HAS TOLD US THAT THE GOE FAVORS US FLAG VESSELS FOR TECHNICAL REASONS AND BECAUSE US IS PRINCIPAL MARKET FOR TUNA. THE CHARTERING PROCESS HAS BEGUN AS IS ILLUSTRATED IN OUR 5227. SHIPS CHARTERED BY THE ECUADOREAN-BASED TUNA INDUSTRY DO NOT NEED FISHING LICENSES.

9. DEEP SEA TUNA: THE GOE HAS CREATED THE STATE FISHING CORPORATION FOR THE PURPOSE OF CATCHING THE 40,000 TONS OF DEEP SEA TUNA. THE CORPORATION IS AUTHORIZED TO BUY AND CHARTER SHIPS. IT IS ALSO PERMITTED TO ACQUIRE THEIR SERVICES ON A TEMPORARY BASIS THROUGH ASSOCIATION CONTRACTS. THE ASSOCIATION CONTRACT DIVIDES THE TUNA CATCH BETWEEN THE ASSOCIATE AND THE CORPORATION IN A NEGOTIABLE RATIO RANGING AROUND 70 PERCENT - 30 PERCENT TO 75 PERCENT - 25 PERCENT, THE SMALLER PERCENTAGE BEING THE CORPORATION'S SHARE. THE CORPORATION'S SHARE OF THE CATCH IS PAYABLE EITHER IN FISH OR IN MONEY. IF PAID IN MONEY, THE VALUE OF THE CATCH IS DETERMINED BY THE HIGHEST CURRENT WORLD TUNA PRICE. (RIVADENEIRA, IN RESPONSE TO A QUESTION, SAID THAT IN CERTAIN UNUSUAL CIRCUMSTANCES -- SUCH AS A LOCAL TUNA SCARCITY -- ASSOCIATES MIGHT BE REQUIRED TO PAY AT LEAST A PART OF THE CORPORATION'S SHARE IN FISH.) ASSOCIATED SHIPS ARE NOT REQUIRED TO AGREE TO FISH OFF ECUADOR THROUGHOUT THE SEASON AND ARE NOT REQUIRED TO HAVE ECUADOREAN FISHING LICENSES. THEY ARE PERMITTED TO ESTABLISH

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SHORE FACILITIES DUTY FREE AND TO LAND CATCH AND RETURN TO THE FISHING GROUNDS (THUS AVOIDING THE LONG TRIP HOME) IF THEY WISH.

10. RIVADENEIRA ESTIMATED THAT AS MANY AS 15 SHIPS (DEPENDING ON SIZE) MIGHT BE NEEDED BY THE CORPORATION AS ASSOCIATES. HE EXPRESSED THE DESIRE THAT THEY BE US FLAG IF POSSIBLE. IN FACT, RIVADENEIRA SAID HE WOULD NOT BE DISAPPOINTED IF ALL OTHER FOREIGN FLAG TUNA VESSELS BESIDES U.S. WERE EVENTUALLY EXCLUDED FROM ECUADOREAN WATERS.

11. COMMENT: FOUR FACETS OF THE GOE'S FISHING PLANS SEEM PARTICULARLY SIGNIFICANT TO US: A) THE EMPHASIS ON CONSERVATION AND ITS COROLLARY - A LIMITATION OF

CATCH TO 80,000 TONS, B) THE PROVISIONS FOR TEMPORARILY ACQUIRING ADDITIONAL FISHING CAPACITY THROUGH CHARTER OR ASSOCIATE STATUS -- A STATUS WHICH ELIMINATES THE ECUADOREAN FISHING LICENSE REQUIREMENT FOR THE BOATS PARTICIPATING, C) THE GOE DETERMINATION TO PROCEED TO EXPLOIT ITS CLAIMED ZONE AS FAST AND EFFECTIVELY AS POSSIBLE, AND D) THE APPARENT GOE DESIRE, AT LEAST AS EXPRESSED BY RIVADENERIA, TO GRANT US TUNA VESSELS A TEMPORARY INSIDE TRACK TO THEIR CLAIMED WATERS FOR THEIR OWN PURPOSES UNTIL THEY HAVE ACQUIRED THEIR OWN CAPACITY.
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